AIR LOGISTICS CENTER'S SPIRIT 97/ LIGHTNING BOLT 10/10A WORKSHOP

HQ AFMC/AQ
DSN 986-0805

Rev 1: 25 Apr 97

OVERVIEW

- TODAY'S GOAL
- BACKGROUND
- LIGHTNING BOLT 10/10A TOOLS
- "THINK" MODEL TO BEST PRACTICES
  - CASELETS
- FUTURE ATTRACTIONS
- YOUR FEEDBACK

FOUR SHORT HOURS OF SUSTAINMENT REFORM FUN

THE GOAL

"PROVIDE DECISION MAKERS AND ADVISORS OF THE PURCHASING OF SPARE PARTS THE LATEST *INFORMATION* AND NEWEST TOOLS PERTAINING TO *SUSTAINMENT* REFORM ACTIVITIES IN THE AIR FORCE"

BACKGROUND

LIGHTNING BOLT 10/10A

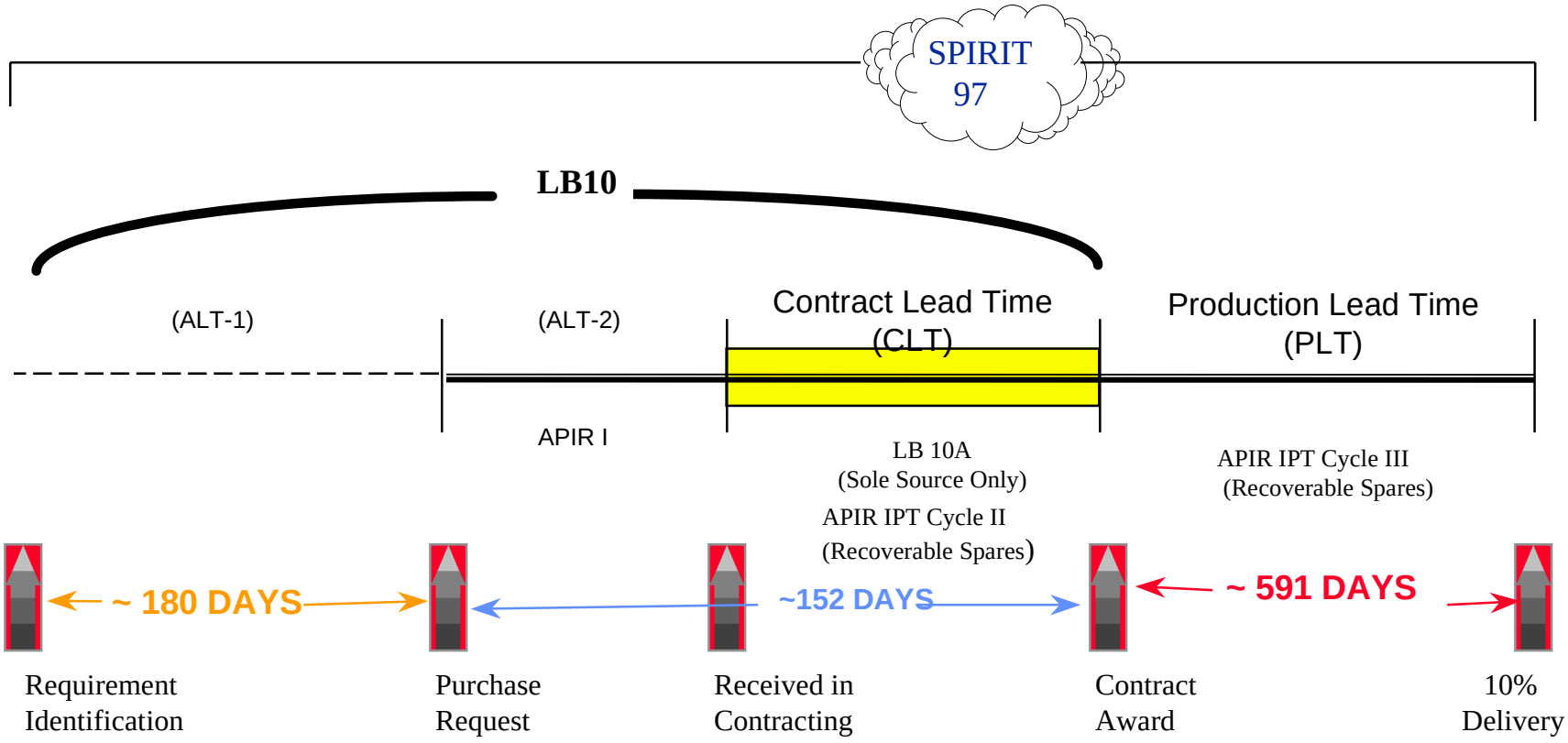
- **REDUCE CYCLE TIME FROM REQUIREMENTS DEFINITION TO CONTRACT AWARD**
  - Lightning Bolt 10 focused on all acquisition
  - Lightning Bolt 10A focused on sole source sustainment
- **COMPETITIVE/SOLE SOURCE BEST PRACTICES**

SPIRIT 97

- **AQ EXTENDED TILL 2000**
  - FOCUS ON USAF SUSTAINMENT BUYS <$10M
  - REDUCE LEAD TIME AND TOTAL COST
  - SPARE PARTS TARGETED FIRST

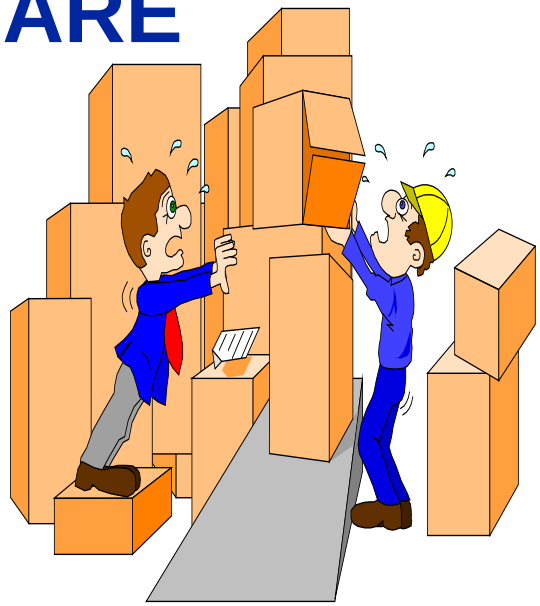
INCORPORATE BEST PRACTICES PROVIDING ALC COMMUNITY A *BETTER*, *FASTER*, *CHEAPER*, *SMOOTHER* PROCESS

Acquisition Leadtime (AQLT) Reduction Projects



WHY LOOK AT PIPELINE?

- **PIPELINE DIRECTLY EFFECTS QUANTITY AND TIMING OF SPARE PARTS PROCUREMENT**
  - **SHORTER THE PIPELINE MEANS LESS ITEMS NEEDED IN THE QUEUE!!**
  - **REDUCE TOTAL $s OBLIGATED**
  - **INCREASED OPPORTUNITY $s**
- **IMPROVED ASSET AVAILABILITY**



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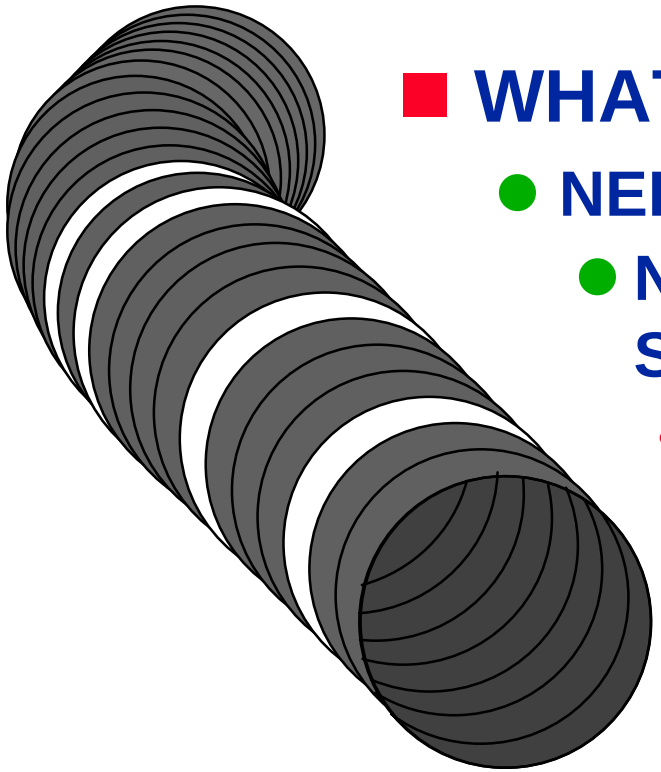
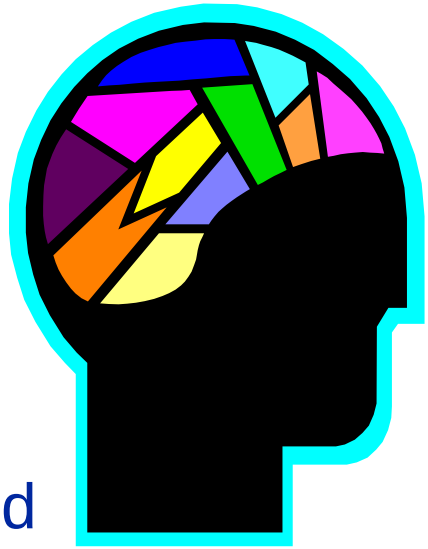


- **WHAT'S IMPORTANT?**
  - **NEED TO KNOW TRUE LEADTIMES**
    - **NEED TO IDENTIFY & TRACK SUPPORTABILITY**
      - **UNDERSTATED LEADTIMES = UNDERSTATED REQUIREMENTS = MICAPS**
    - **NEED TO CHANGE MINDSET FROM UNIT COST TO TOTAL COST**
    - **APPLY TOOLS THAT PROVIDE INSIGHT INTO REDUCED LEADTIMES AND <u>TOTAL</u> COSTS**

Innovative Approaches = Best Practices

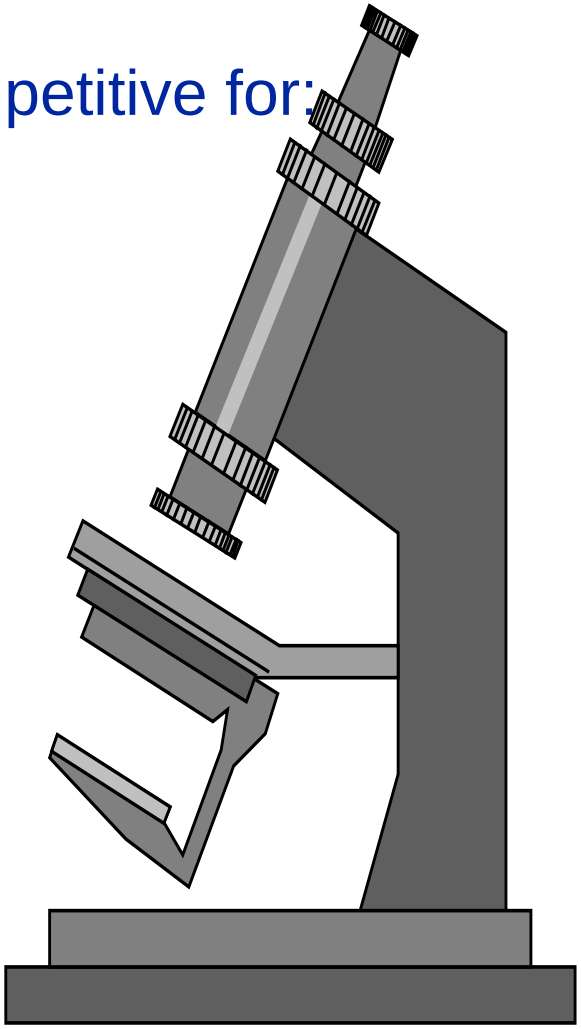
A Baseline

FAR 1.102-4(e) - "If a policy or procedure, or a particular strategy or practice, is in the best interest of the Government and is not specifically addressed in the FAR, nor prohibited by law (statute or case law), Executive order or other regulation, Government members of the Team **should not assume it is prohibited**. Rather, **absence** of direction should be interpreted as **permitting the Team to innovate** and use sound business judgment that is otherwise consistent with law and within the limits of their authority."



The Scope

- **Contract Activity:**
  - Competition/Limited Competition/Noncompetitive for:
    - New Starts
    - Supplemental Agreements
- **Four Main Categories of Tools:**
  - Requirements Definition
  - Acquisition Planning
  - Solicitation
  - Selection/Negotiation
- **Application of Tools**
  - The “THINK Model”



Requirements Definition
11 Tools for your use

1) **Communicate With Industry Early and Often**
2) **Reduce ALC Technical Data Package Preparation Time**
3) **Consolidate Buys on Indefinite Delivery (ID) Type Contracts**
4) **Allow Offerors to Propose Performance Schedule**
5) **Streamline the AFMC Form 761 Screening Process**
6) Prioritize User Requirements
7) Incorporate User Representatives into Program Offices
8) **Basic Ordering Agreements (BOAs)**
9) Streamline and Discipline the ECP Process
10) **Reduced PR Intransit Time**
11) **Integrated Government-Contractor Approach/Sole Source Acquisition**

Bold Indicates Lightning Bolt 10 and Spirit 97 Overlap

Acquisition Planning
25 Tools for your use

1) Describe Source Selection Process to Industry
2) **ALC Senior Management Review Board**
3) Carefully Focus the Scope of Past Performance Evaluation
4) Set Lofty Goals
5) Pre-ASP Team Meetings
6) Dedicated RFP Development/Source Selection Team
7) Involve Legal and Source Selection Support Early
8) Waive Requirement for Separate SSAC and SSEB
9) Provide Long-term Program Strategy to Industry
10) Incentives for Reducing Acquisition Cycle Time
11) Review/Revise Process Time Standards
12) Source Selection Documentation Efficiency
13) **Advance Synopsis**
14) **Keep Documents in Outline Form**

Bold Indicates Lightning Bolt 10 and Spirit 97 Overlap

Acquisition Planning
25 Tools for your use cont.

15) Lessons Learned and the Navy "Turbo Streamliner"

16) Mentoring for Source Selection - Pair inexperienced personnel with experienced people to minimize learning curve delays and increase source selection effectiveness.

17) Rolling Downselect

18) Maintain Continuity During Key Sub-Processes

19) Increased Use of Class Justifications and Approvals (J&As)

20) Establish Integrated Product Development Center (IPDC)

21) Non-FAR Procurement Agreements

22) Balance Cost of Source Selection vs Program Size

23) Narrow the Focus of the RFP/Source Selection

24) Examine Alternative Competition Strategies

25) Risk Assessment

Bold Indicates Lightning Bolt 10 and Spirit 97 Overlap

Solicitation
23 Tools for your use

1) Capability Assessment
2) Cost/Pricing Data Limits
3) **Integrated Product Team Pricing**
4) Past Performance Evaluation in Lieu of Technical Proposal
5) **Industry Involvement in RFP Development**
6) **Electronic Data Storage and Transfer**
7) Identify Source Selection Team
8) Phased Source Selection
9) **Contract Award without an RFP**
10) Identify Funding Profile in the RFP
11) Begin Past Performance Evaluation Prior to Proposal Receipt
12) Confidential RFP Feedback to Offerors
13) **Use WWW for a "Living" Draft RFP**

Bold Indicates Lightning Bolt 10 and Spirit 97 Overlap

Solicitation

23 Tools for your use cont.

14) Severely Streamlined Section L

15) Draft Proposals from Offerors

16) Integrate Source Selection Standards into Section M

17) Simplify Line Item Pricing

18) Reduce the Need for BAFOs

19) Oral Presentations and Oral Proposals

20) Enhanced Government/Industry Teaming

21) Establish “Centralized” Cost Model

22) Contractor Use of Government Evaluation Models

23) Use Electronic Media to Communicate with Industry

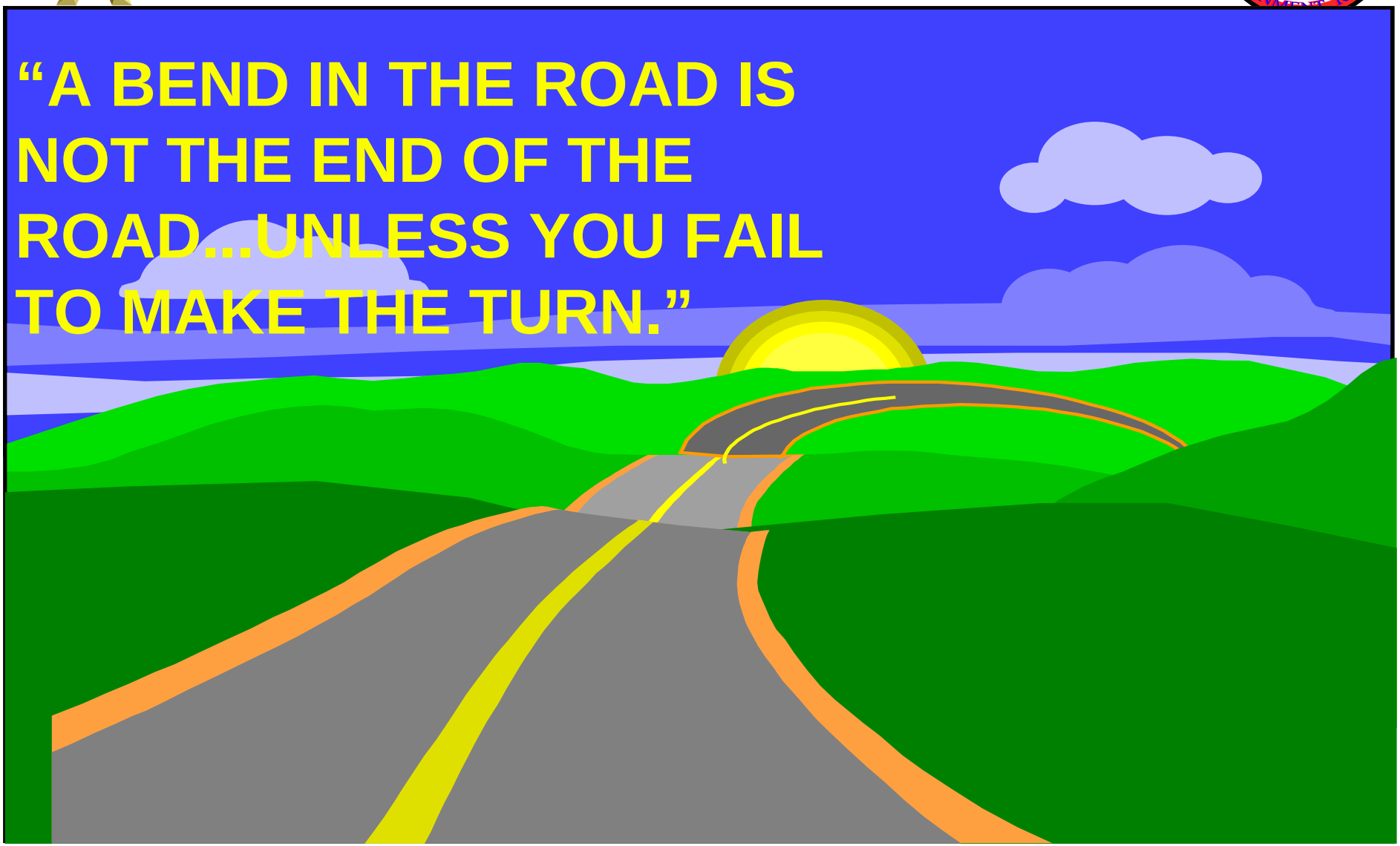
Bold Indicates Lightning Bolt 10 and Spirit 97 Overlap

Selection/Negotiation

4 Tools for your use

1) Include SSA in Debriefings
2) Debrief at the Contractor's Facility
3) Proposal Revision Following a Sustained Protest
4) Open Source Selection Debrief

Bold Indicates Lightning Bolt 10 and Spirit 97 Overlap

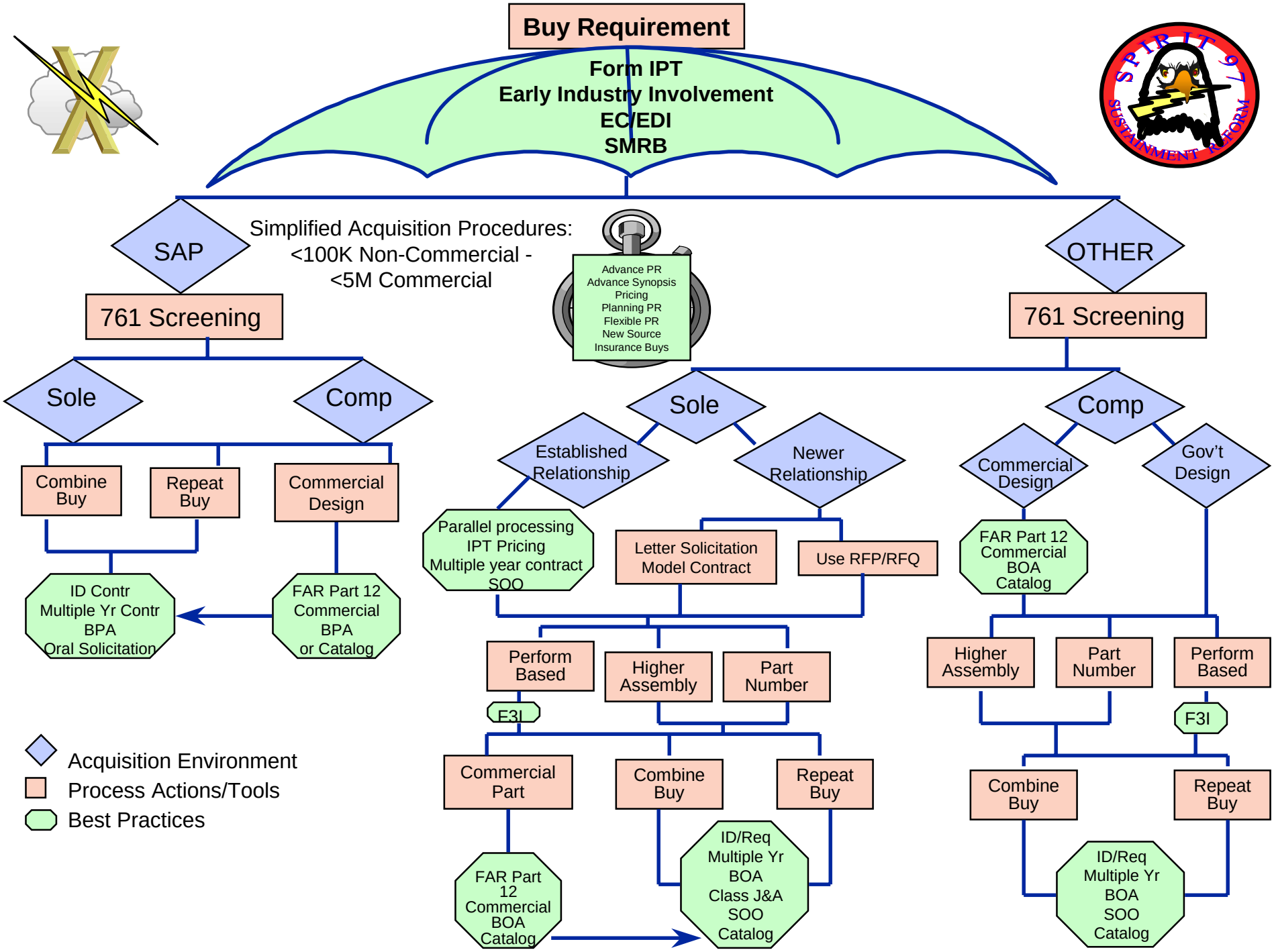

"A BEND IN THE ROAD IS NOT THE END OF THE ROAD...UNLESS YOU FAIL TO MAKE THE TURN."

The "THINK" Model

"The Help I Need to Know"

- A Thought Process for determining what Tools might apply to your buy
- Based on a series of decisions/questions
- Use tools singly or in combination
- Provides the most likely path, but not the only path
- Best practices came from the ALCs
  - They work
  - No HQ level policies preventing implementation

Two words to put in your vocabulary, "I Can!"


Buy Requirement
Form IPT
Early Industry Involvement
EC/EDI
SMRB
SAP
Simplified Acquisition Procedures:
<100K Non-Commercial -
<5M Commercial
Advance PR
Advance Synopsis
Pricing
Planning PR
Flexible PR
New Source
Insurance Buys
OTHER
761 Screening
761 Screening
Sole
Comp
Combine Buy
Repeat Buy
Commercial Design
ID Contr
Multiple Yr Contr
BPA
Oral Solicitation
FAR Part 12
Commercial
BPA
or Catalog
Sole
Established Relationship
Newer Relationship
Parallel processing
IPT Pricing
Multiple year contract
SOO
Letter Solicitation
Model Contract
Use RFP/RFQ
Perform Based
Higher Assembly
Part Number
F3I
Commercial Part
Combine Buy
Repeat Buy
FAR Part 12
Commercial
BOA
Catalog
ID/Req
Multiple Yr
BOA
Class J&A
SOO
Catalog
Comp
Commercial Design
Gov't Design
FAR Part 12
Commercial
BOA
Catalog
Higher Assembly
Part Number
Perform Based
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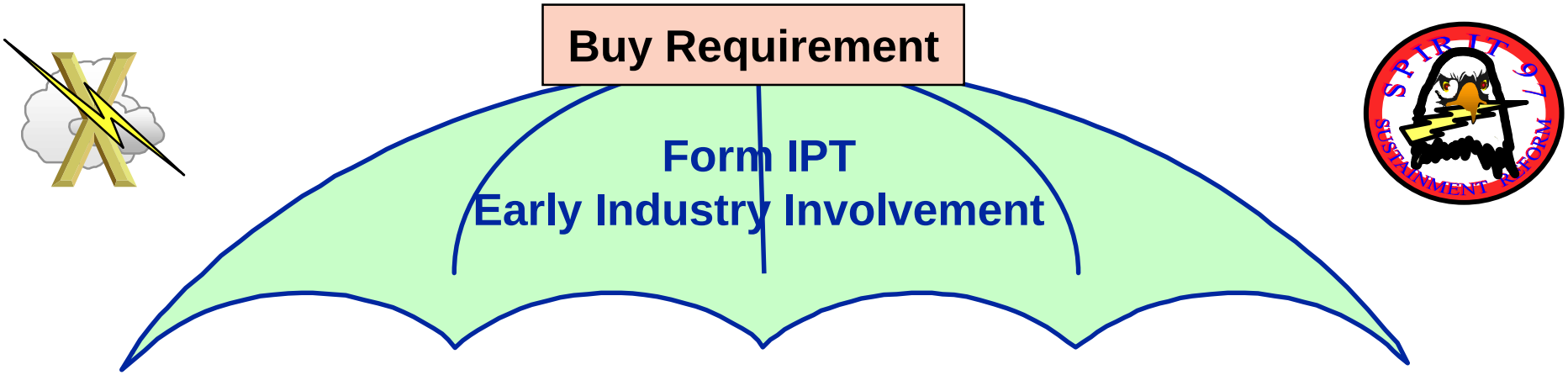
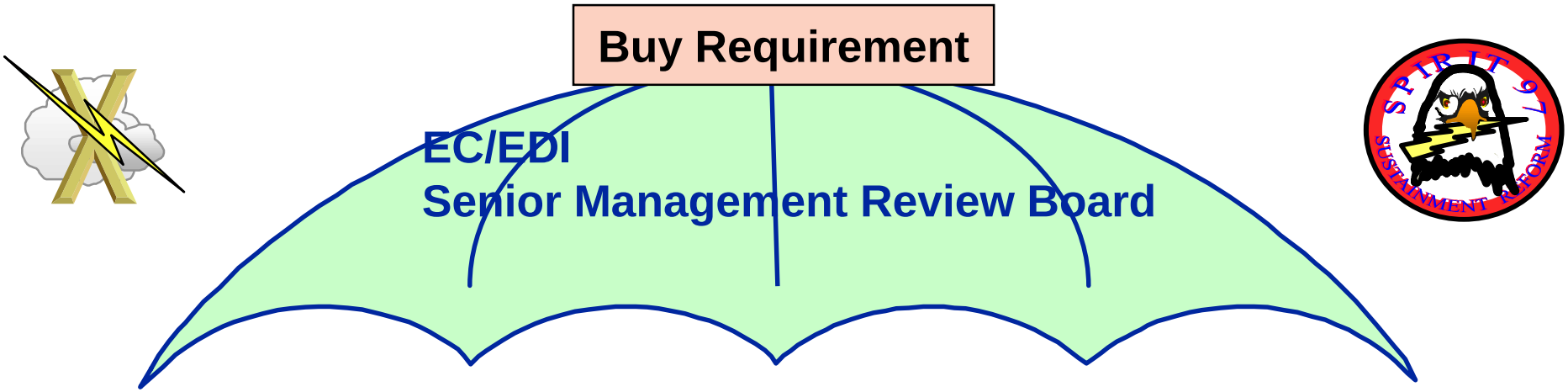
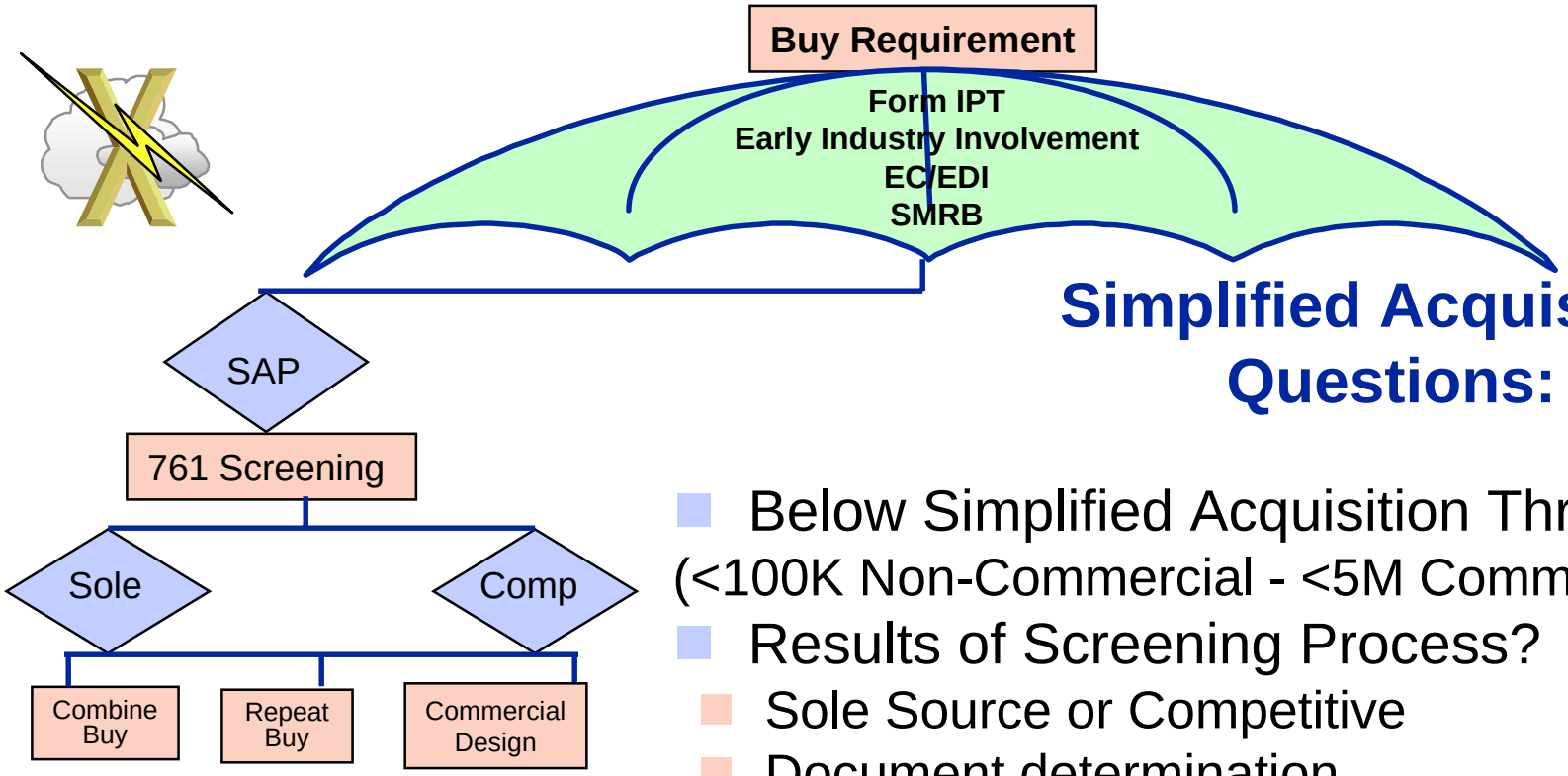
Multiple Yr
BOA
SOO
Catalog
Acquisition Environment
Process Actions/Tools
Best Practices



- **Form Integrated Product Teams/Contract Review Teams**
  - **Teaming** with all participants of the acquisition process
  - Facilitates **smart buying decisions**
  - Ensures buy-in and **minimizes scrap and rework**
- **Early Industry Involvement**
  - **Enhanced communication** between Government and Industry (i.e. CRTs)
  - **Streamlines buying process** with
    - **Better understanding** of requirements
    - Improved RFP/RFQ and proposal quality
    - Reduced source selection/competition cycle time



- **Electronic Media to Communicate with Industry (EC/EDI)**
  - **Facilitates communication**
    - Continuous feedback
    - Rapid coordination between Government and Industry
    - Automated Budget Compilation System (ABCS) on the WEB
- **ALC Senior Management Review Board (SMRB)**
  - **Accountable** Owner of Spares Acq Process at ALCs
  - Senior functional management **oversight**
  - **Macro view** of the acquisition cycle for trend analysis and rapid corrective action



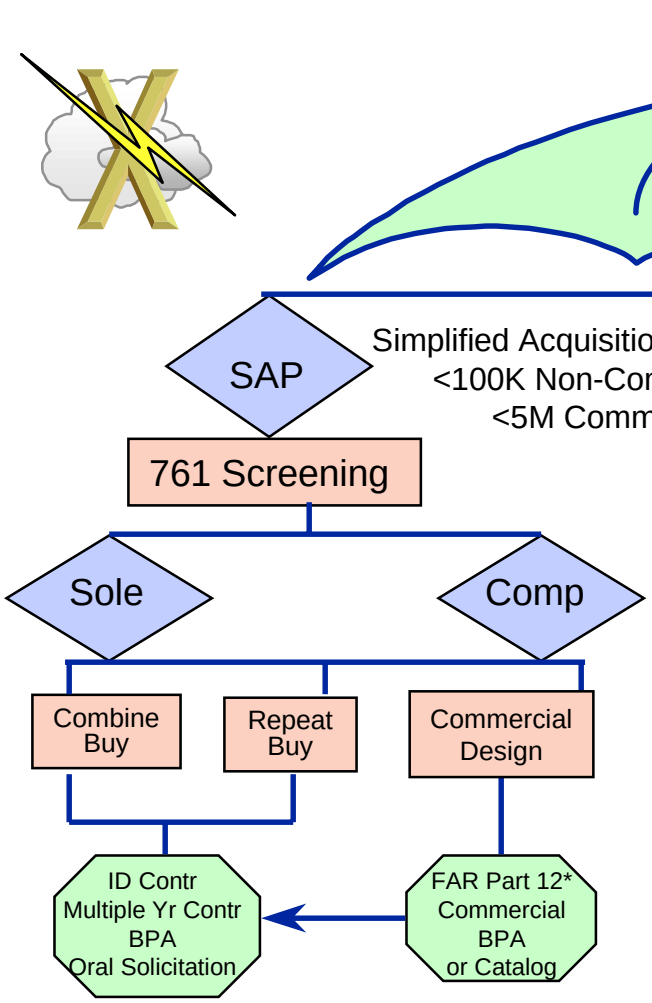
Simplified Acquisition Questions:

- Below Simplified Acquisition Threshold (<100K Non-Commercial - <5M Commercial)?
- Results of Screening Process?
  - Sole Source or Competitive
  - Document determination

- Steps to be taken to streamline Simplified Acquisition?
  - Combine Buy: Combine with similar parts to same vendor
  - Repeat Buy: Continuing relationship with same vendor/same parts being purchased repeatedly?
  - Commercial Buy: Meets definitions of commercial items per FAR 2.101

Best Practices for Combined Buy or Repeat Buy

- **Consolidate Buys on Indefinite Delivery Contracts**
  - Order parts from ID contracts very rapidly, when need arises, without establishing new contract for each buy
  - Place orders unilaterally
- **Multiple Year Contracts**
  - 2 or more years instead of one year
  - Create time savings as a result of writing fewer contracts
- **Blanket Purchasing Agreement (BPA)**
  - A simplified (streamlined) method of filling repetitive needs for supplies
  - Establishing “charge accounts”
- **Oral Solicitations** - Preferred method for soliciting buys under Simplified Acquisition Threshold

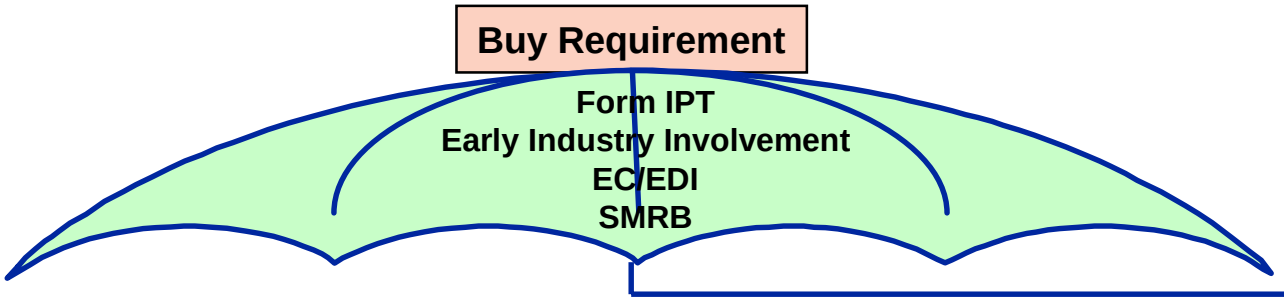


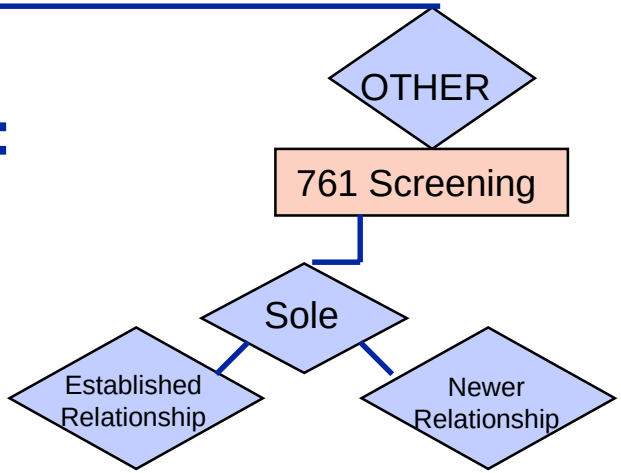
Best Practices for Commercial Parts

- **Commercial Contracting**
  - Acceptance of commercial contracting arrangements
  - FAR Part 12 provides guidance
  - SAP raised to $5M for commercial items
    - J&A required over $100K
- **Commercial Blanket Purchasing Agreement (BPA)**
  - Uses commercial terms & conditions
  - Commercial pricing
- **Commercial Catalog**
  - Utilize contractors' commercial catalog, if available
  - Saves ordering time and negotiating time

Test Time!!!

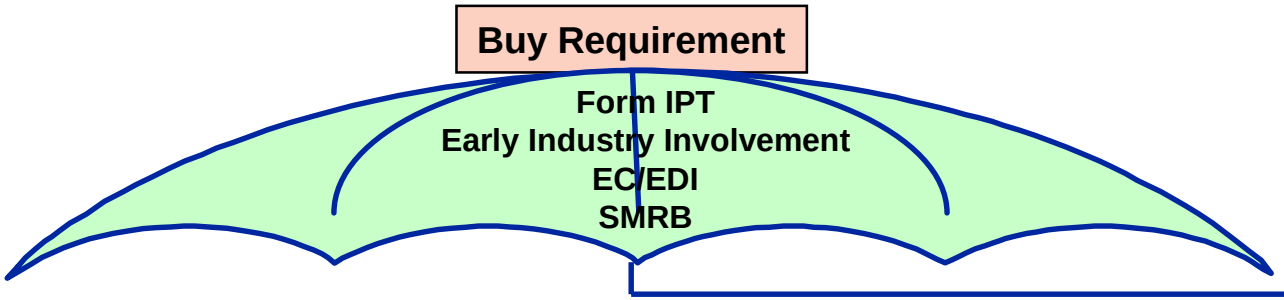
- You have received a buy for an actuator for a F75 Engine
- The screening process has indicated there isn't a drawing package available
- Its value is $16K
- What are some potential best practices we could apply to this buy?





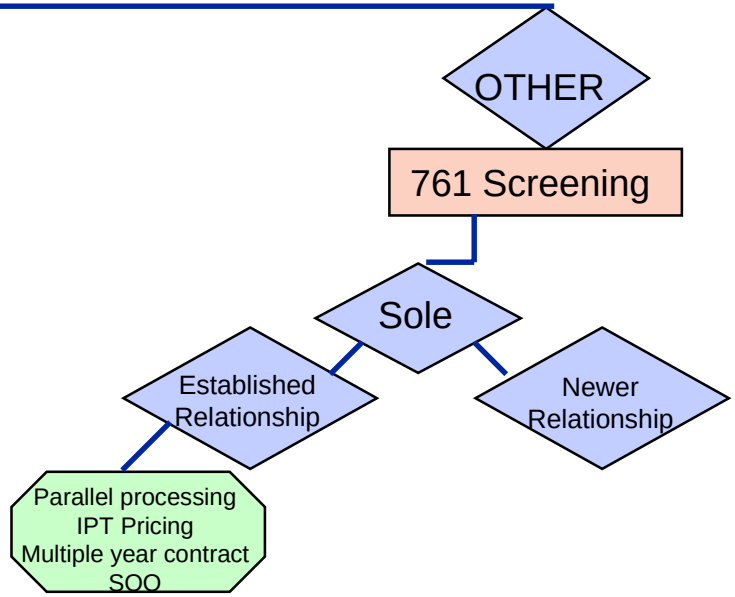
Sole Source > SAP Buy Questions:

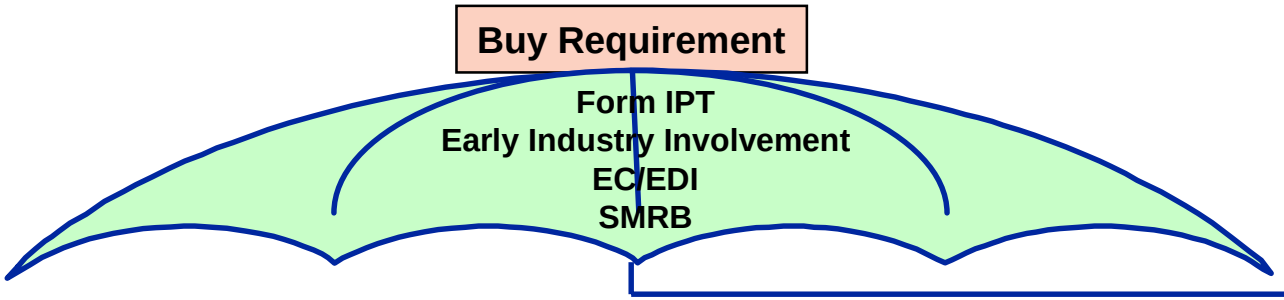
- Above Simplified Acquisition Threshold (>$100K Non-Commercial - > 5M Commercial)?
- Results of Market Research (i.e. sources sought synopsis, etc)?
- Statutory authority for J&A (FAR Part 6)?
- Current acquisition environment?
  - Established relationship with vendor?
  - Is there a signed J&A?
  - Possibility of another source even with signed J&A?
  - Buy: complex in nature or simple?
  - Government and Contractor capable of openly communicating?
  - Known long term requirement?



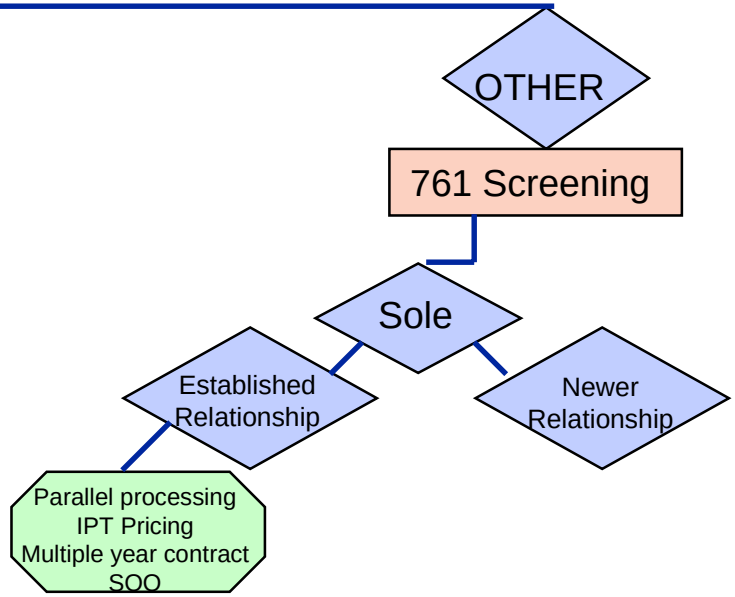
Best Practices for Large $, Established Relationship Buy

- **Parallel Processing**
  - Integrated Government and Contractor approach to sole source acquisition
  - Replaces sequential processes with parallel processes
  - DCMC and DCAA must be involved early
- **IPT Pricing**
  - IPT comprised of buying activity, Defense Contract Management Command, Defense Contract Audit Agency
  - Concurrent evaluation, analysis and fact-finding
  - Can combine with Parallel Processing

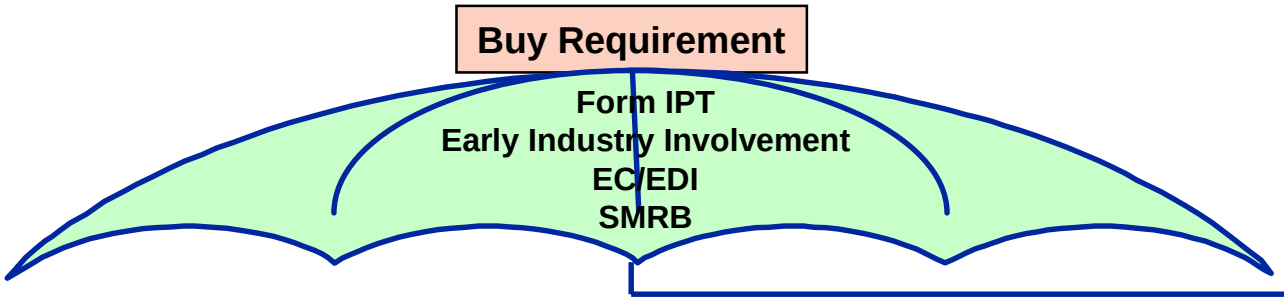




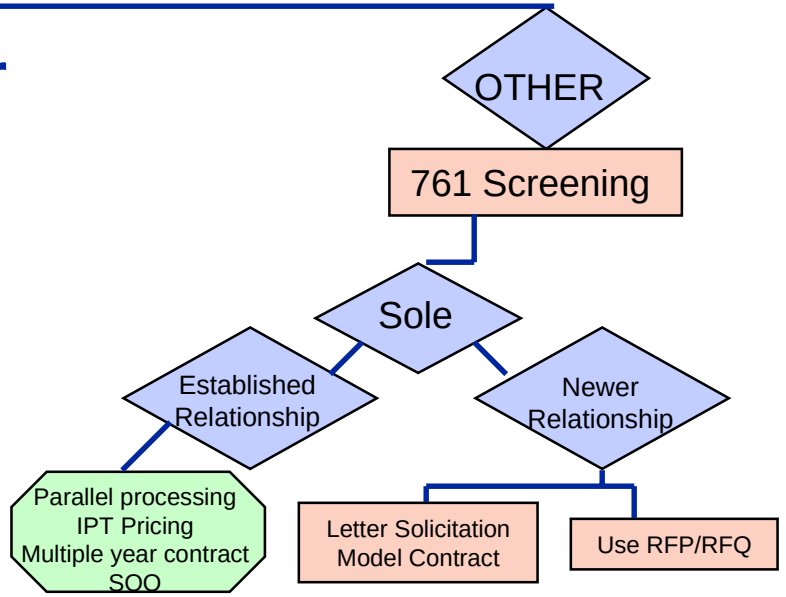
Best Practices for Large $, Established Relationship Buy



- **Multiple Year Contract**
  - ID/IQ contracts of two or more years as opposed to one year
  - Creates time savings as a result of writing fewer contracts
  - Requires stable demands and markets in order to accomplish long term
- **Statement of Objectives (SOO)**
  - Identify program or project objectives to offeror
    - Reducing lead time
    - Reducing cost



Tools/Processes for Large $, Newer Relationship Buy

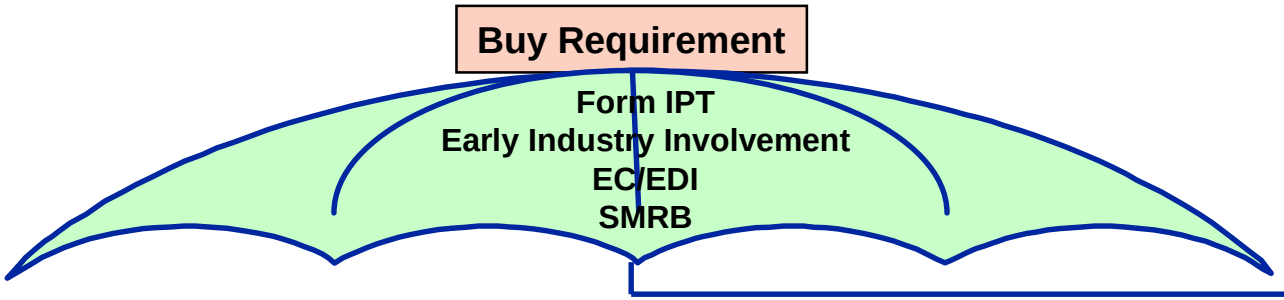


Letter Solicitation with Model Contract appropriate when:

- Degree of comfort exists in communicating with vendor
- Buy would benefit from mutually developing model contract
- Benefit derived from mutual agreement on format and content of RFP

Traditional RFP/RFQ appropriate when:

- Less comfortable communicating with offeror
- Normal part number buy



Tools/Processes for Large $ Sole Source

Buying based on Performance:

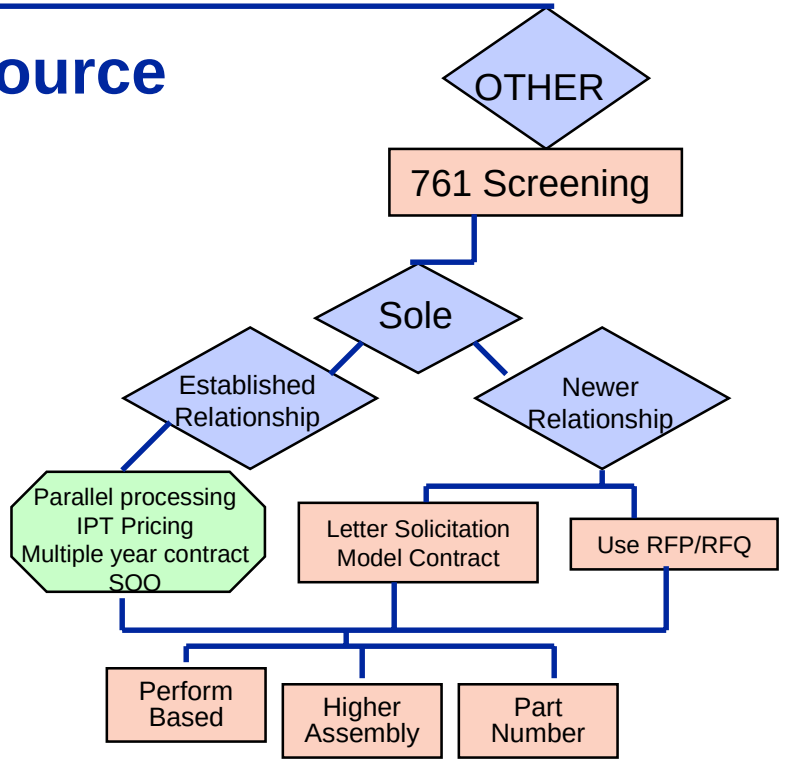
- Performance specification available
- One can be developed
- Cost effective to define performance parameters, i.e. expense of nonrecurring engineering cost

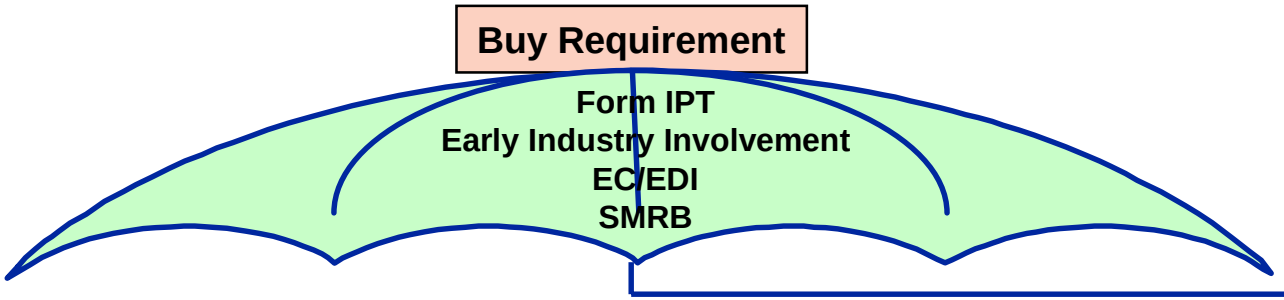
Combining with similar buy at next higher assembly:

- Whole is better than sum of parts
- Lead time and cost support (assembled)

Buying by Part Number:

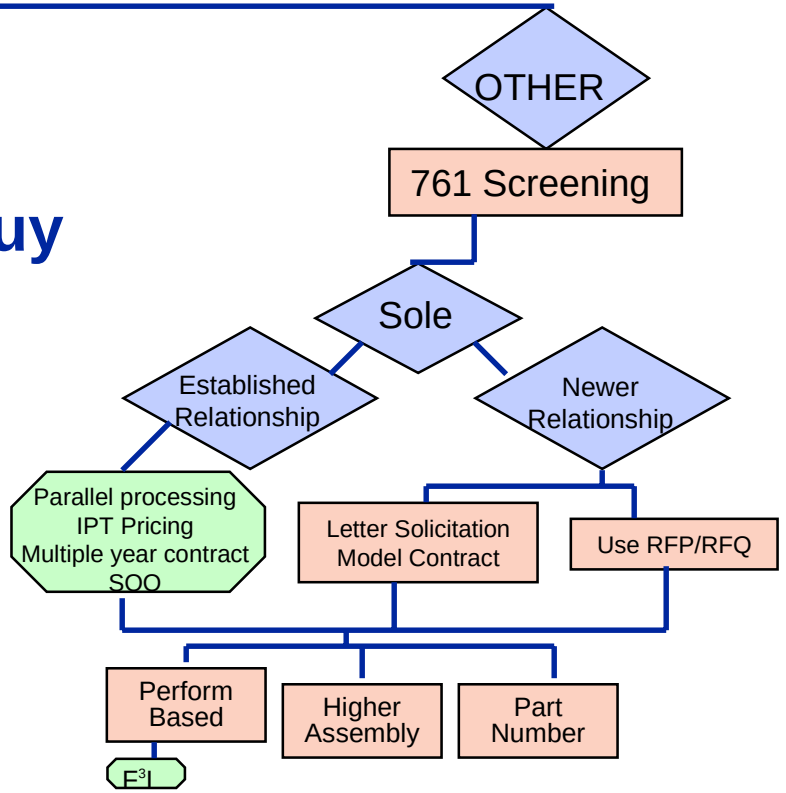
- Commercial or military unique
- Not based on performance, nor combined at higher assembly
- Standard part number buy appropriate

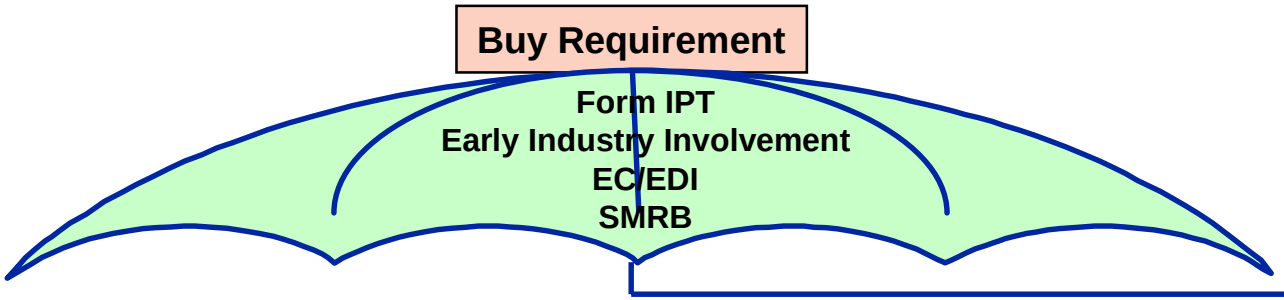




Best Practices for Performance Buy

- **Use or Develop Performance Specifications (F^3I) -**
  - Business decision based on comprehensive acquisition and support strategy that considers life cycle cost
  - Allows for:
    - Technology insertion
    - Helps resolve obsolete parts issues

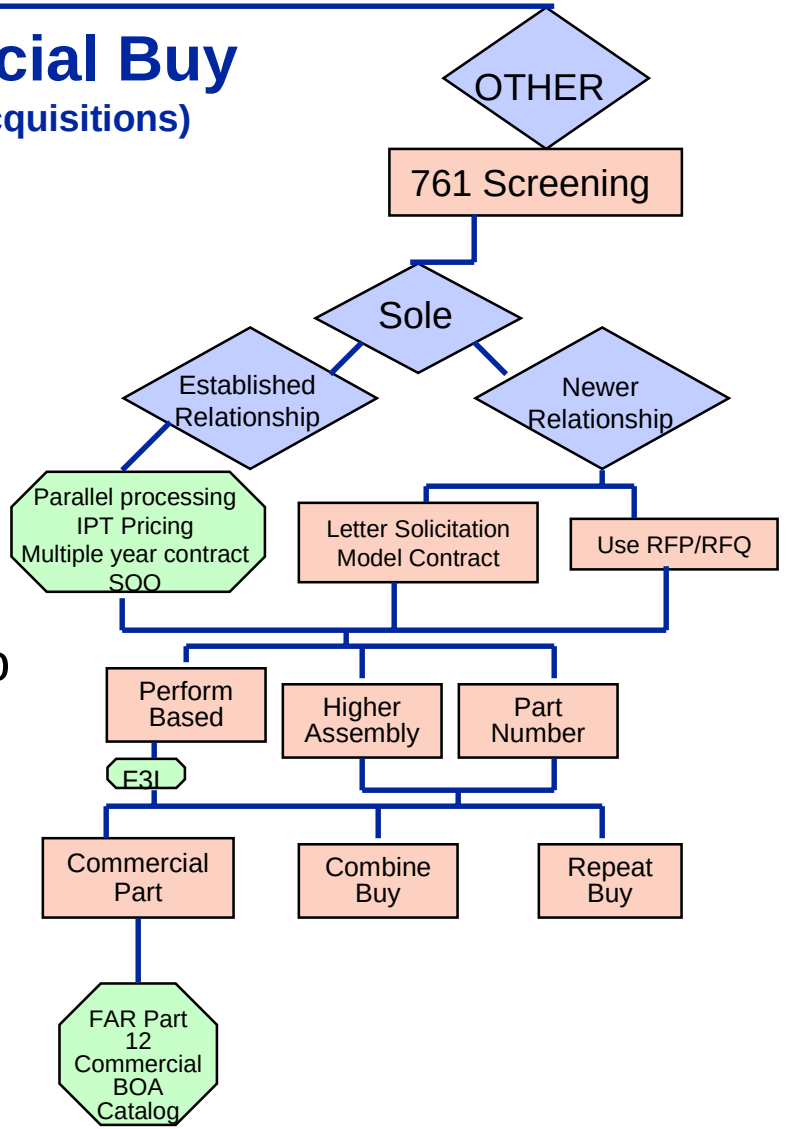




Best Practices for > SAP Commercial Buy

(After Repeating same steps to streamline Simplified Acquisitions)

- **Commercial Contracting**
  - Above $5M SAP Threshold
  - Acceptance of commercial contracting arrangements
  - FAR Part 12 provides guidance
- **Commercial BOA**
  - Incorporate commercial procedures into a BOA
- **Commercial Catalog**
  - Utilize contractors' commercial catalog
  - Save ordering time and negotiating time



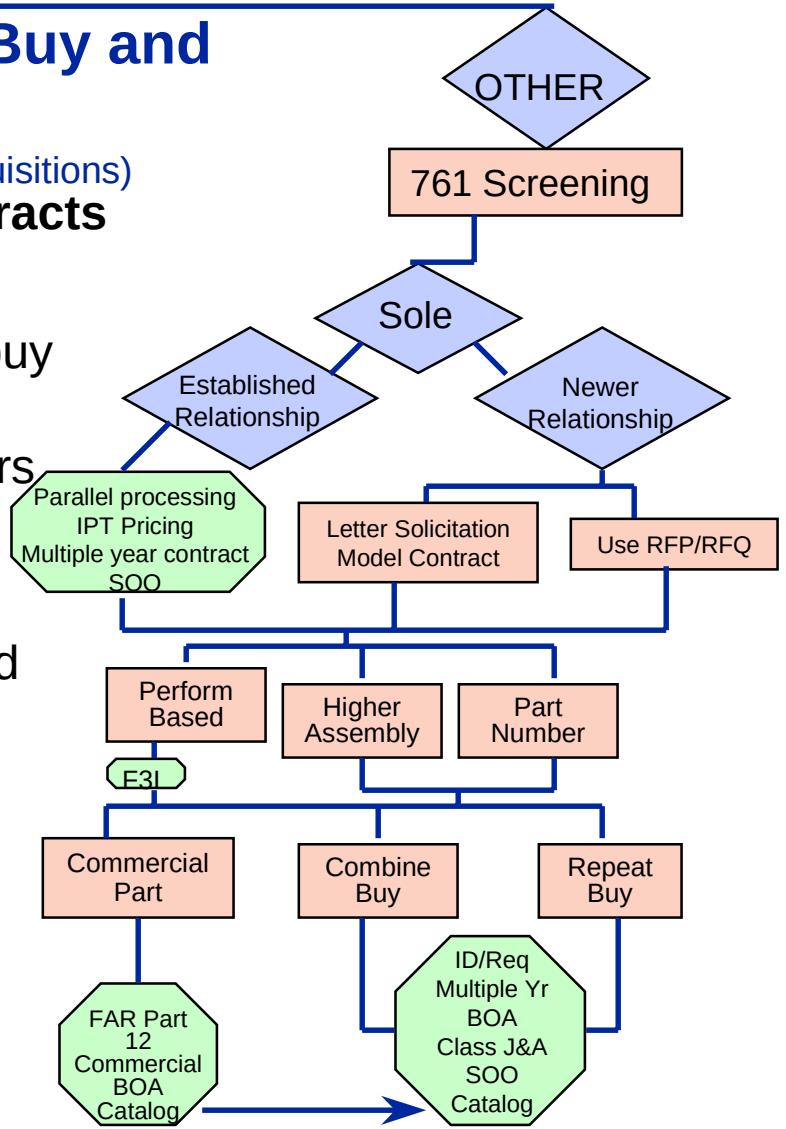
Buy Requirement

Form IPT
Early Industry Involvement
EC/EDI
SMRB

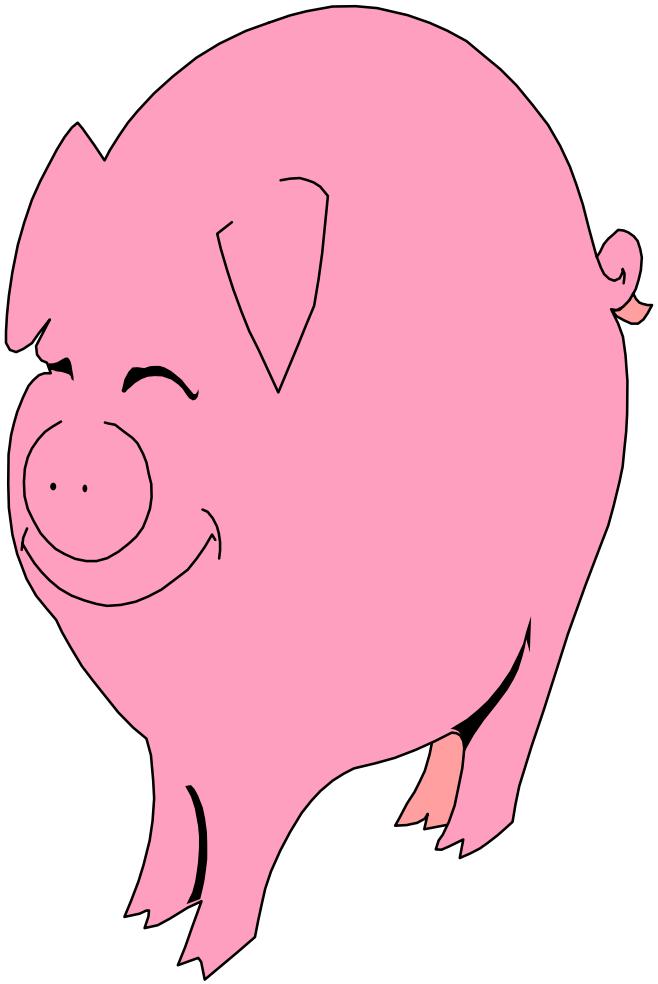
Best Practices for > SAP Combined Buy and Repeat Buy

(After repeating same steps to streamline Simplified Acquisitions)

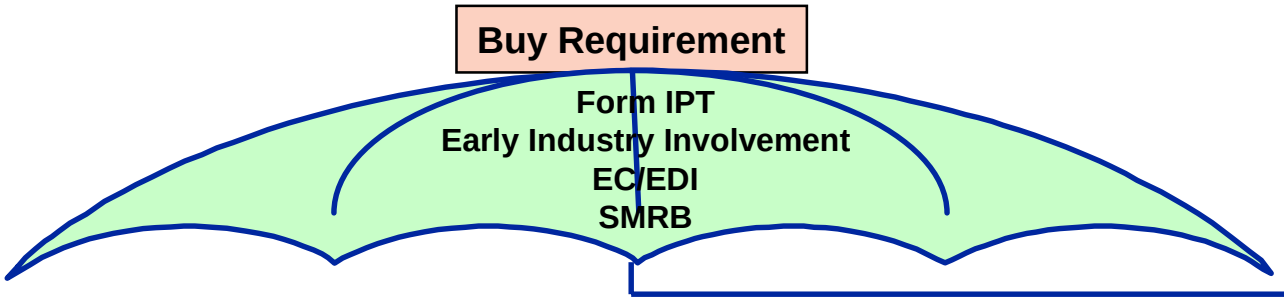
- **Consolidate Buys on Indefinite Delivery Contracts**
  - Order parts when need arises
  - Without establishing new contract for each buy
- **Multiple Year Contracts**
  - ID/Requirements contracts of 2 or more years
  - Write fewer contracts
- **Specialized BOA**
  - Reduce lead time by establishing specialized BOA with supporting Class J&A
- **Class J&A**
  - Suitable for repetitive acquisition, eliminates duplication
- **SOO**
  - Identify program or project objectives to offeror (reducing lead time and cost)

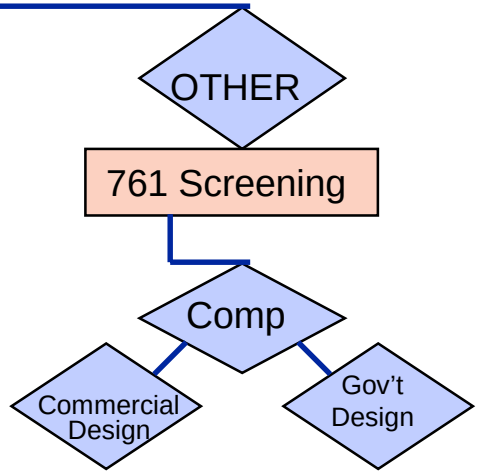


Test Time!!!



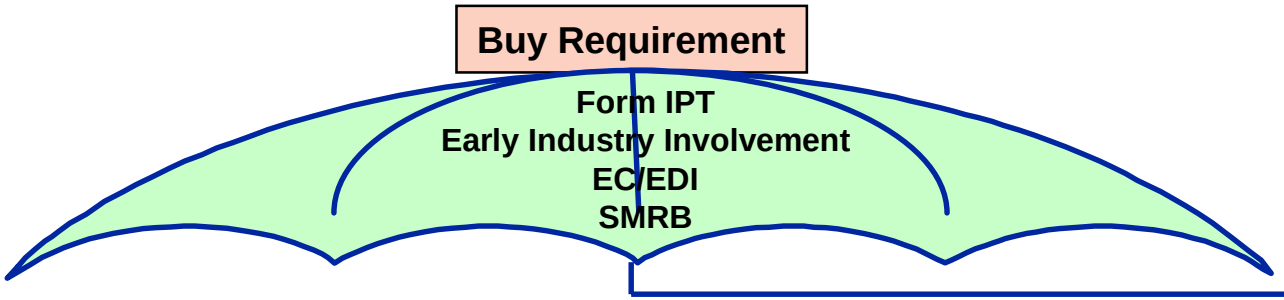
- **You have noticed this is the third time this year your computation has put you into a buy position for a Pendulous Integrated Gyroscopic Assembly (PIGA) for the Minuteman Missile**
- **It's a sole source contract to Honeydew Inc.**
- **The unit cost for a PIGA is $250K**
- **What would you do? And how would you do it?**



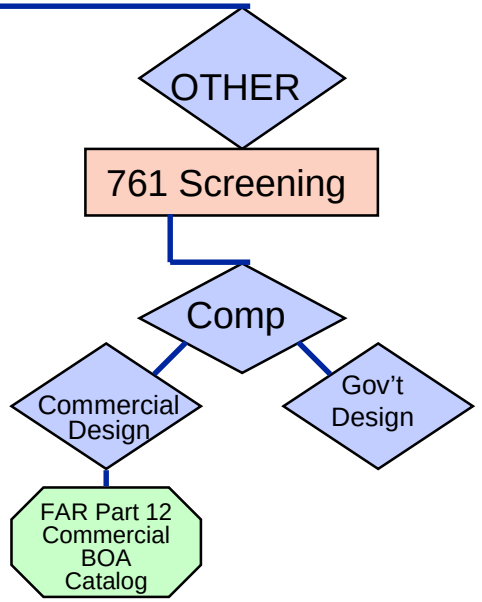


Competitive Acquisition Questions:

- Results of Market Research (i.e. sources sought synopsis)?
- At least two potential offerors?
- Item meets the definition of commercial item per FAR 2.101 or is item of Government design?



Best Practices for Commercial Part Buy

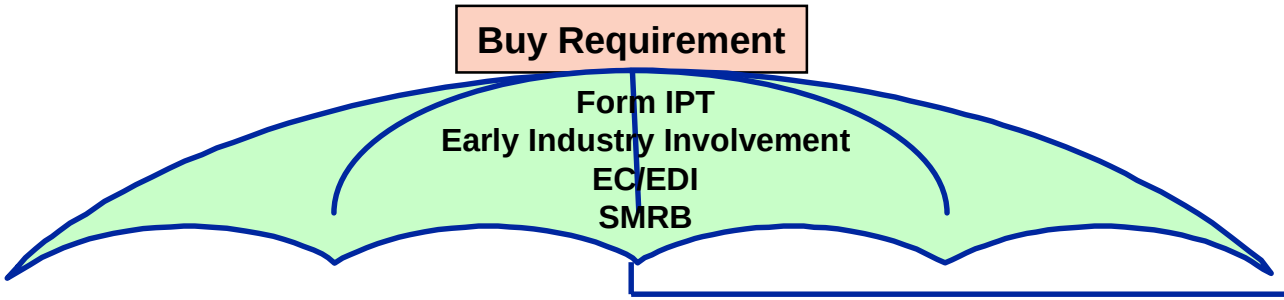


- **FAR Part 12 -** Acquisition of commercial items or items meeting the definition of commerciality

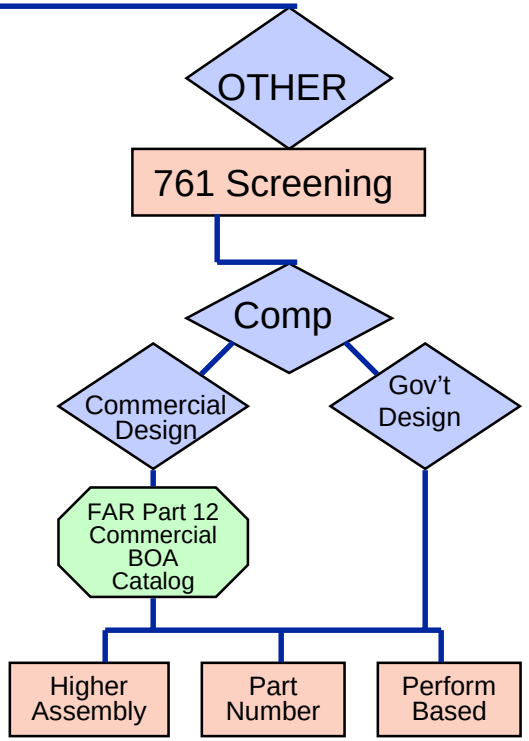
- **Competitively Awarded Commercial Catalog -** Utilize contractors' commercial catalogs

- **Commercial BOA -** Expedite contracting for supplies or services when specific items, quantities, and prices not known at time of execution

- **Solicitation on CBD -** Use of an announcement in the Commerce Business Daily in lieu of an RFP



Tools/Processes for Competitive Buys



Buying based on Performance:

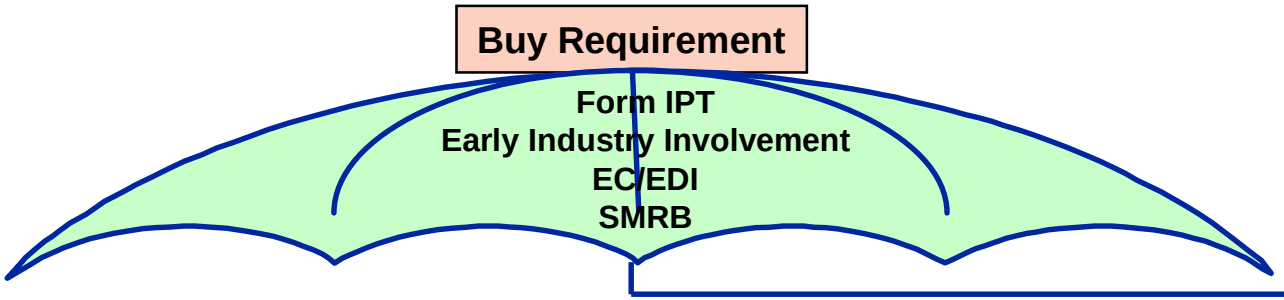
- Performance specification available
- One can be developed
- Cost effective to define performance parameters, e.g. expense of nonrecurring engineering cost

Combining with similar buy at next higher assembly:

- Whole is better than sum of parts
- Lead time and cost support (assembled)

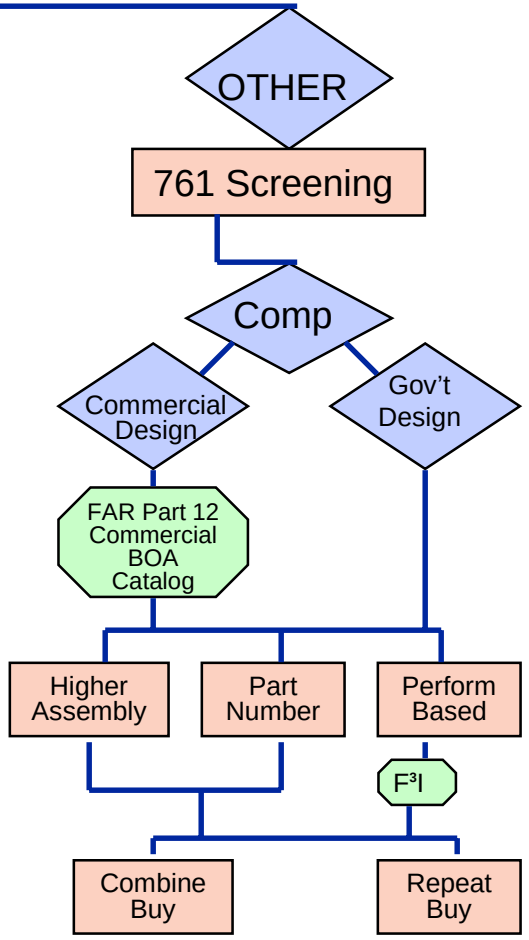
Buying by Part Number:

- Commercial or military unique
- Not based on performance, nor combined at higher assembly
- Standard part number buy appropriate



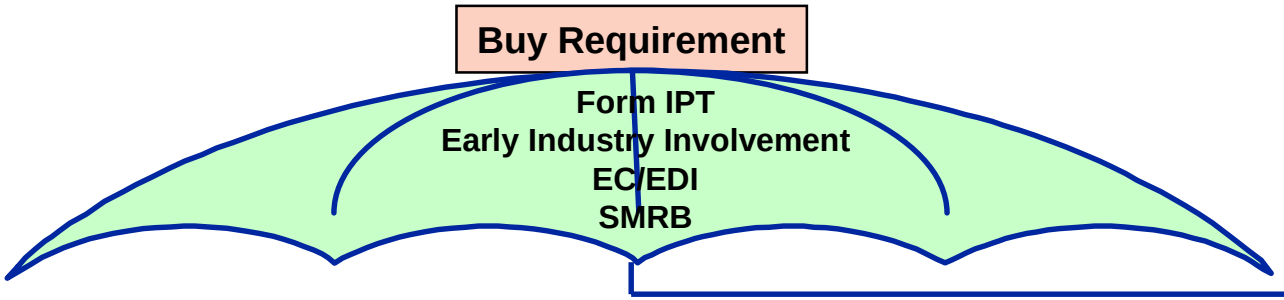
Best Practices for Performance Buy

- **Use or Develop Performance Specifications (F^3I) -**
  - Business decision based on comprehensive acquisition and support strategy that considers life cycle cost
  - Allows for:
    - Technology insertion
    - Enhances competition
    - Helps resolve obsolete parts issues



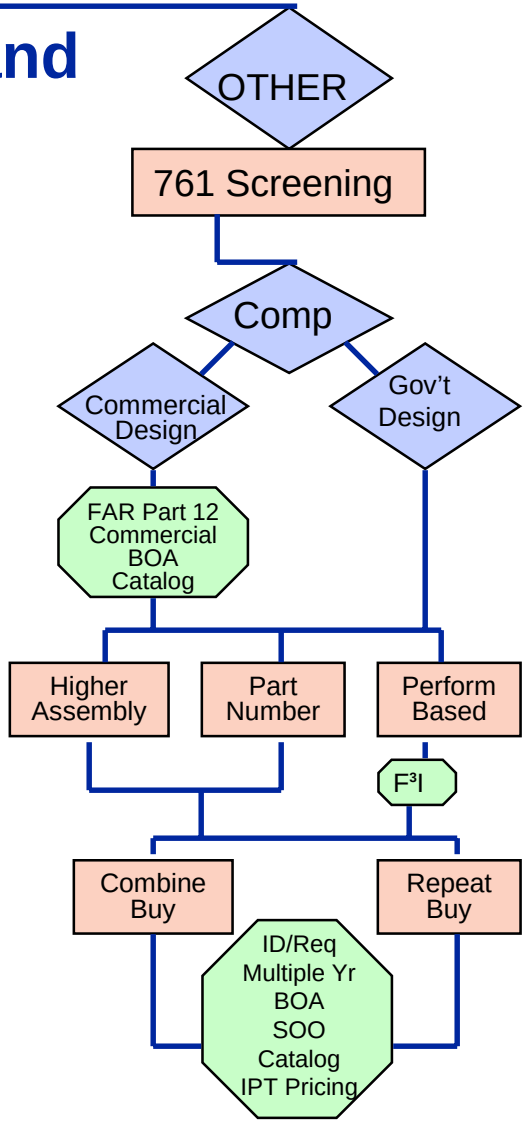
Apply steps to be taken to streamline

- Combine Buy: Combine with similar parts to same vendor
- Repeat Buy: Continuing relationship with same vendor/same parts being purchased repeatedly?

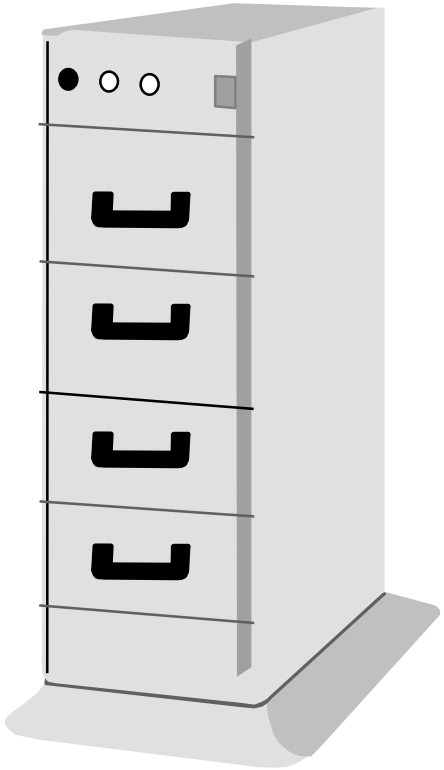


Best Practices for Higher Assembly Buys and Part Number Buys

- **Consolidate Buys on Indefinite Delivery Contracts**
  - Sole Source or Competitively awarded
  - Rapid, unilateral orders, as needs arise
- **Multiple Year Contracts -** ID/Requirements contracts of 2 or more years
- **Commercial BOA -** Expedite contracting for supplies or services when specific items, quantities, and prices not known at time of execution
- **Catalog Pricing** - Establish catalog prices or a pricing formula
- **SOO -** Identify program or project objectives to offerors (reducing lead time and cost)
- **IPT Pricing**
  - Comprised of buying activity, Defense Contract Management Command, Defense Contract Audit Agency
  - Concurrent evaluation and analysis



Test Time!!!



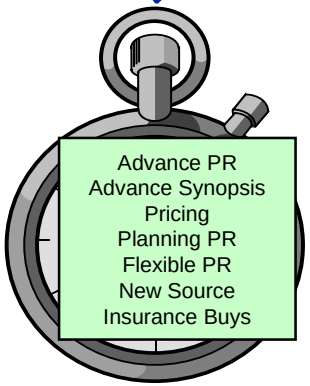
- **You have several buys for circuit cards in the A2 drawer of a Depot Hydraulics Final Acceptance Test Stand to support a number aircraft**

- **The range of prices are from $1,000 to $3,000, but the prices are going up because the technology is becoming obsolete**

- **What would you do?**

Buy Requirement

Early Industry Involvement
EC/EDI
SMRB
Form IPT



Best Practices for any Situation

Advance Synopsis

- Process change
- PR package directly from PR/MIPR control to synopsis clerk
- Starts "clock" earlier in process
- Can yield savings of a few days to weeks

Advance PRs

- IM forwards advance PR to contracting at beginning of coordination process
- Activity can begin in advance of receipt of final PR package

Flexible PR

- Utilizes quantity ranges, time-to-time options, multiple year and ID/IQ contracts

Planning PR

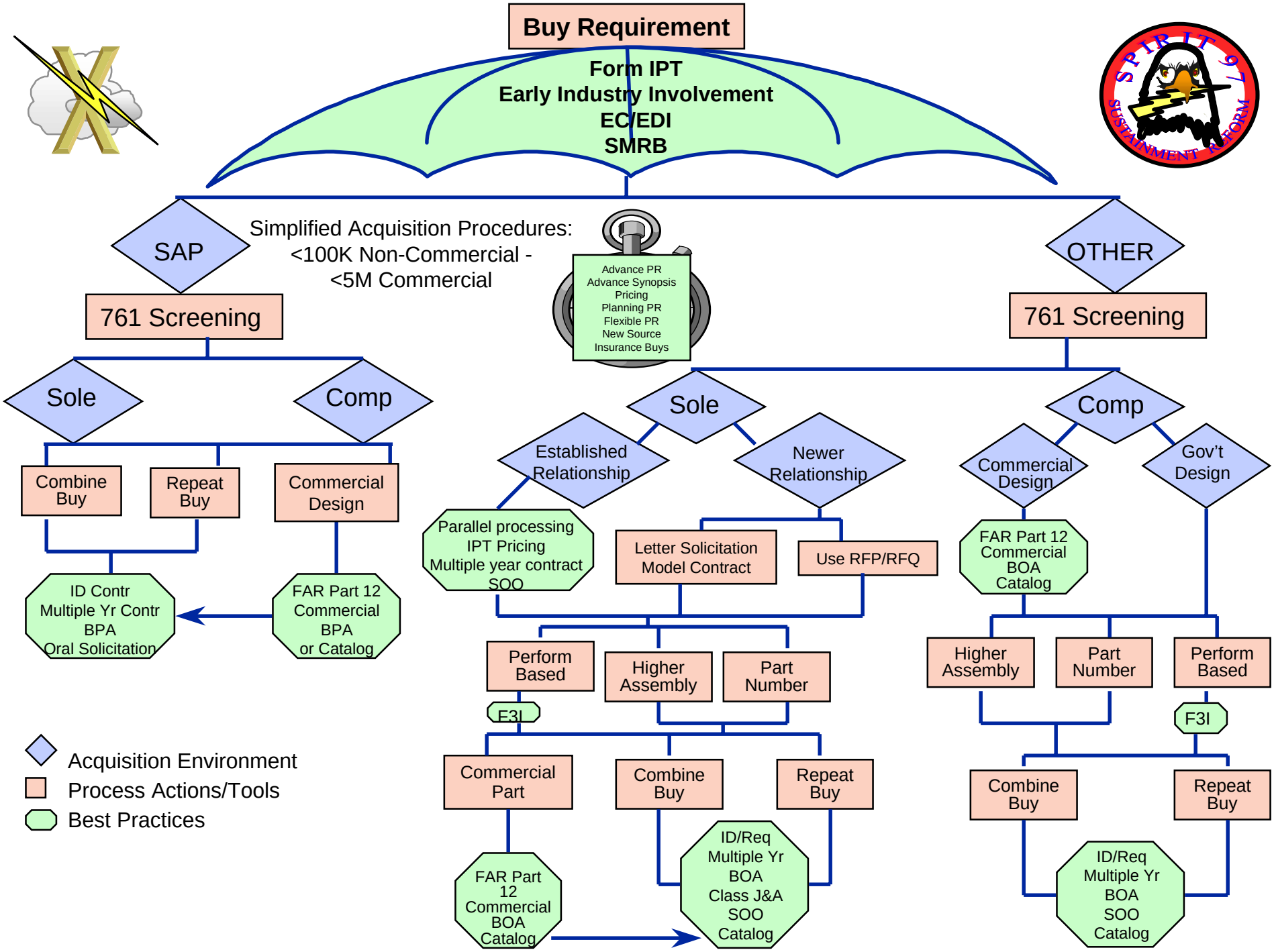
- $0.00 PR
- Includes only information needed to establish requirements contract

Pricing

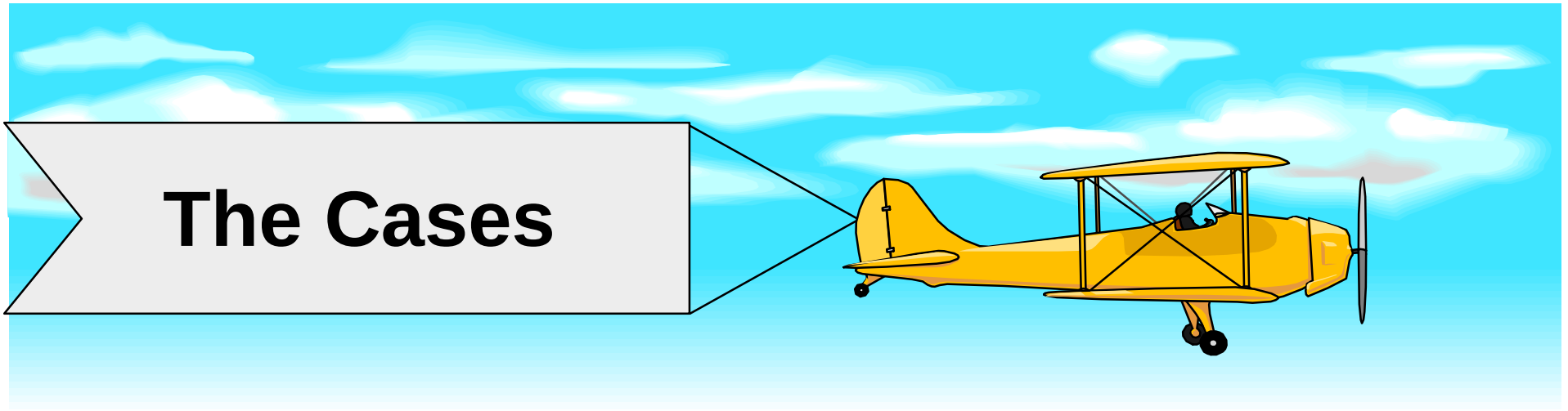
- Tailor scope of audits and evaluations to fit buy

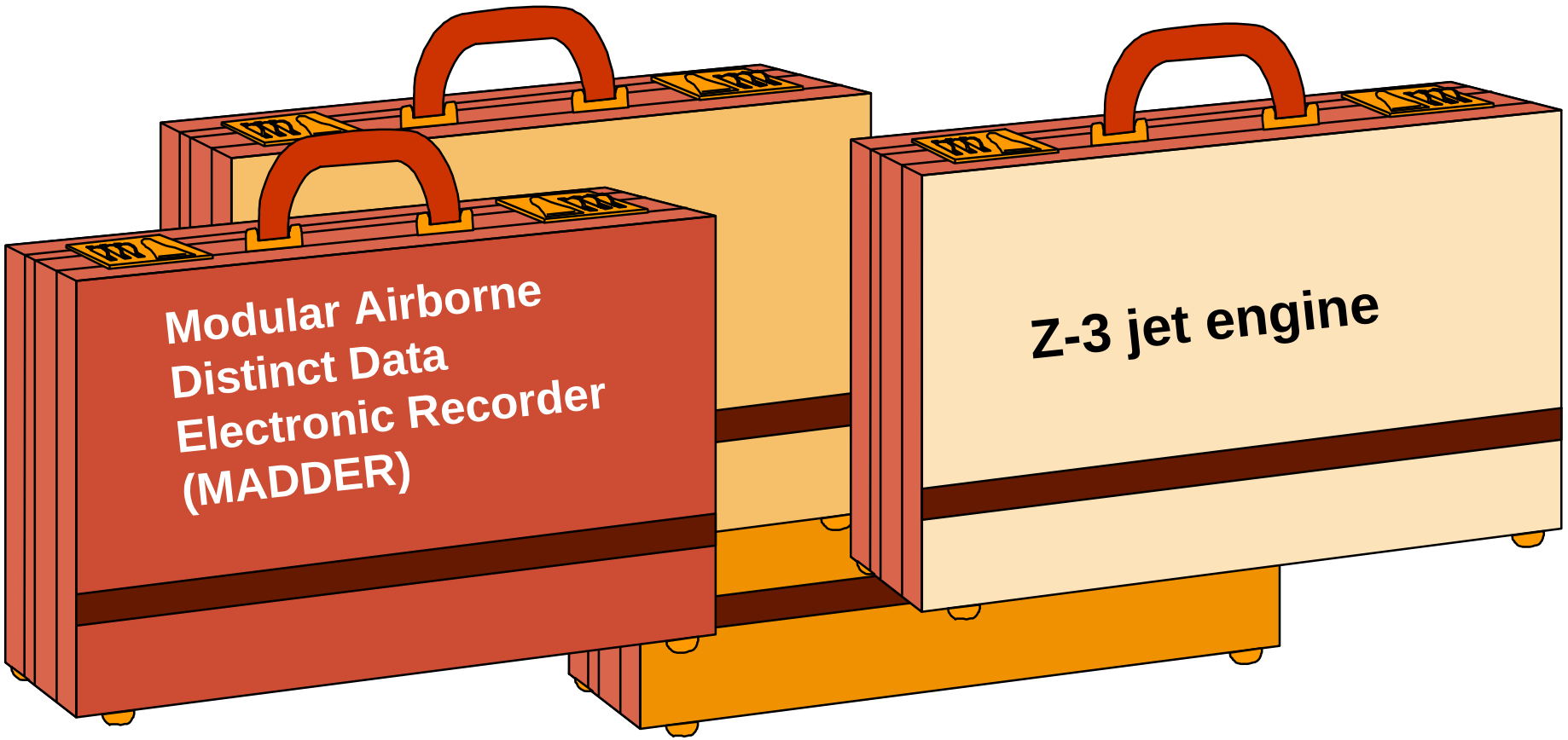
New Source Insurance Buys

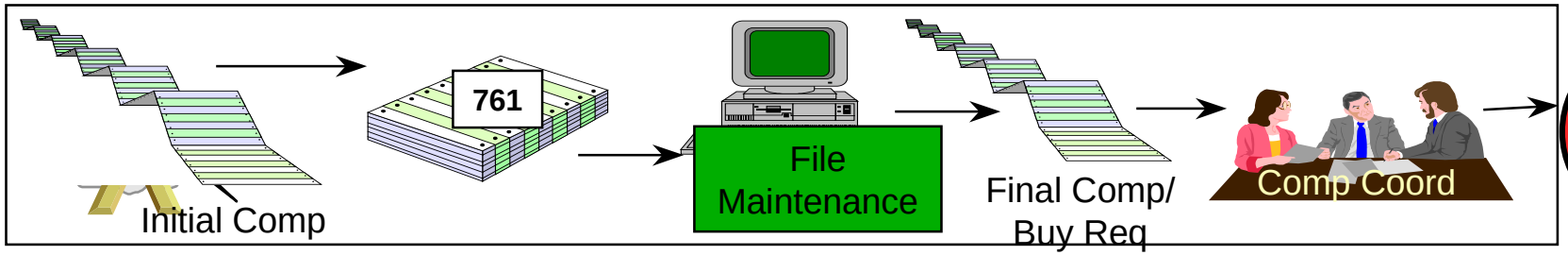
- Promotes competition without lengthening ALT and jeopardizing mission supportability


Buy Requirement
Form IPT
Early Industry Involvement
EC/EDI
SMRB
SAP
Simplified Acquisition Procedures:
<100K Non-Commercial -
<5M Commercial
Advance PR
Advance Synopsis
Pricing
Planning PR
Flexible PR
New Source
Insurance Buys
OTHER
761 Screening
761 Screening
Sole
Comp
Combine Buy
Repeat Buy
Commercial Design
ID Contr
Multiple Yr Contr
BPA
Oral Solicitation
FAR Part 12
Commercial
BPA
or Catalog
Sole
Established Relationship
Newer Relationship
Parallel processing
IPT Pricing
Multiple year contract
SOO
Letter Solicitation
Model Contract
Use RFP/RFQ
Perform Based
Higher Assembly
Part Number
F3I
Commercial Part
Combine Buy
Repeat Buy
FAR Part 12
Commercial
BOA
Catalog
ID/Req
Multiple Yr
BOA
Class J&A
SOO
Catalog
Comp
Commercial Design
Gov't Design
FAR Part 12
Commercial
BOA
Catalog
Higher Assembly
Part Number
Perform Based
F3I
Combine Buy
Repeat Buy
ID/Req
Multiple Yr
BOA
SOO
Catalog
Acquisition Environment
Process Actions/Tools
Best Practices

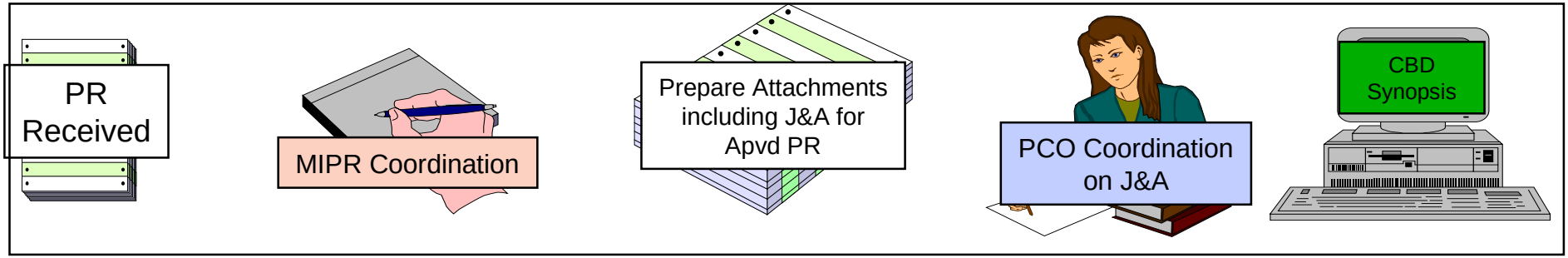
The Cases



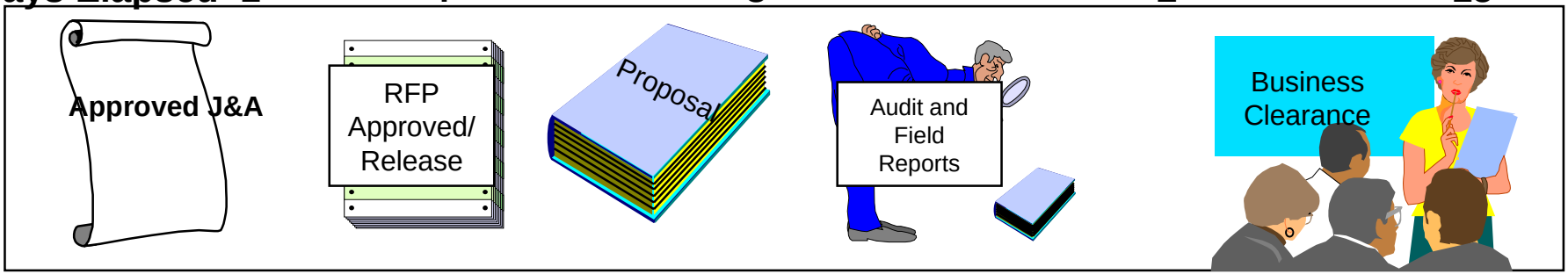

Modular Airborne
Distinct Data
Electronic Recorder
(MADDER)
Z-3 jet engine



Days Elapsed - Unknown



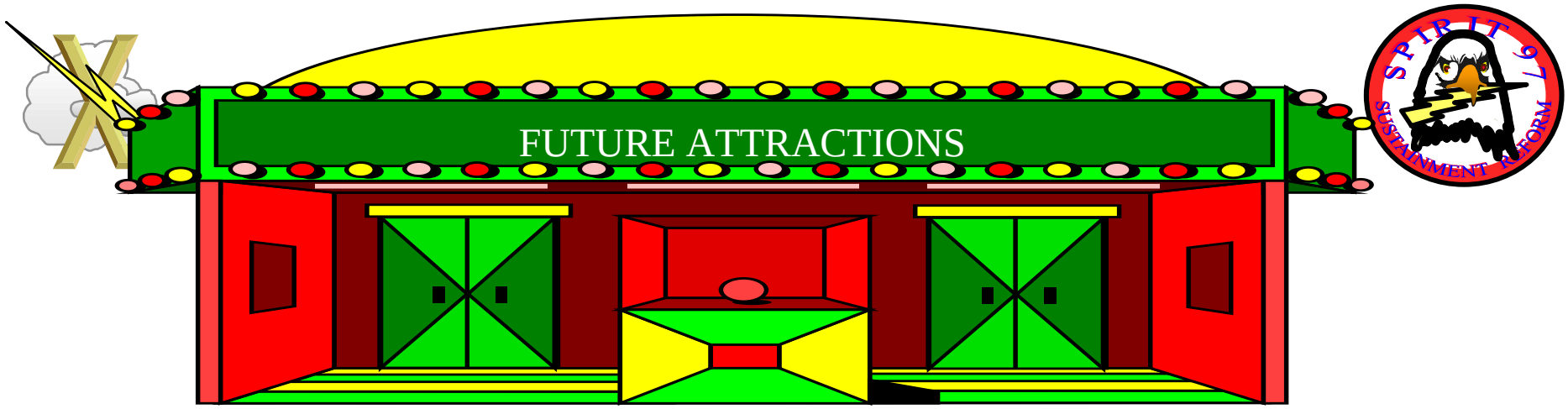
Days Elapsed 1 4 8 2 15



Days Elapsed 3 3 30 45 3

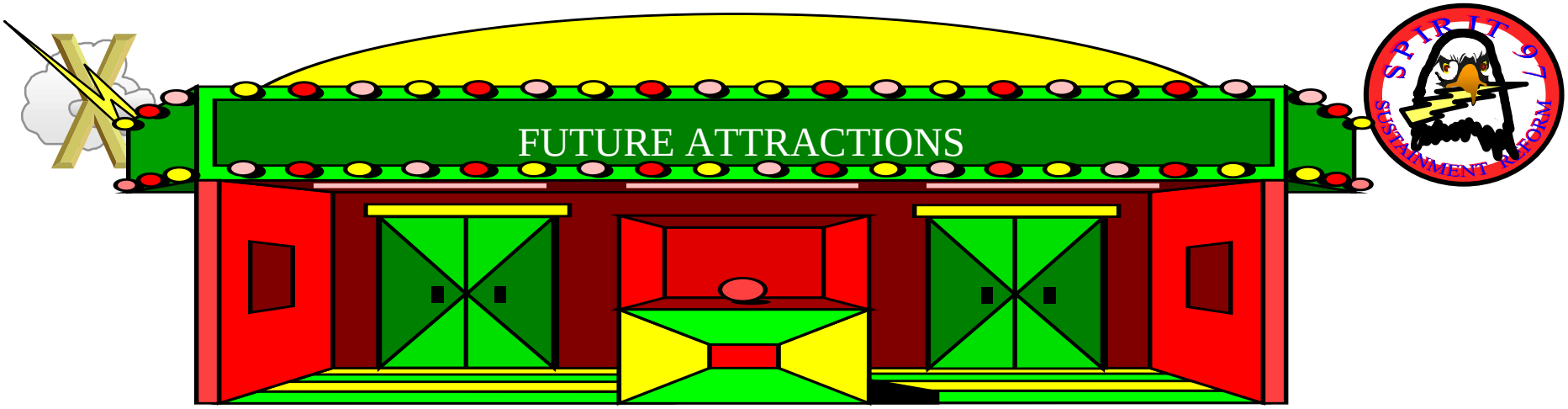
Days Elapsed 30 7 3 7

Schedule Applies to Case #1



- Spirit 97 Workshop II
  - Incorporate Workshop I comments
  - Incorporate Industry comments

- Watch WEB Sites
  - Spirit 97 - www.crfpst.wpafb.af.mil/spirit97/
  - Lightning Bolt 10/10A - www.safaq.hq.af.mil/acq_ref/bolts/bolt10/lb10_team/final_report/



- Future Opportunities
  - Funding
  - Competition
  - Early Industry Involvement
  - APIR III implementation
  - CREP implementation
  - Contract Review Team

Spirit 97/
Lightning Bolt 10/10A
Customer Survey

Please answer using the scale indicated and provide brief comment to help us improve the presentation. Thank you!

1-Strongly Disagree 2-Disagree 3-Disagree somewhat
4-Agree somewhat 5-Agree 6-Strongly Agree

1. I understand the goals of the workshop. _____
2. I understand the best practices as presented in the workshop. _____
3. I can use the best practices in my job. _____
4. I understand the application of best practices using the Think Model. _____
5. I can use the Think model in my job. _____
6. I already use the best practices identified in the workshop. _____
7. Are there other Best Practices that should be added? If yes, please provide a POC. _____
8. To improve on the workshop, I would: _____

_____